



Driving Success in Strategic Meetings Management

Carlson
Wagonlit
Travel

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The CWT Travel Management Institute publishes research on travel trends and best practices to help companies get the most from managed travel programs. *Driving Success in Strategic Meetings Management* is the latest in-depth report in a series, including:

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- ▶ *Tap into mobile service: managed travel in the digital economy* (2014)
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- ▶ *Mastering the maze: a practical guide to air and ground savings* (2012)
- ▶ *Business traveler services: finding the right fit* (2011)

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This report was jointly produced with The BTN Group

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ABOUT THIS RESEARCH

This study was conducted by *Carlson Wagonlit Travel (CWT)* and The BTN Group from January-May 2016 with global professionals and stakeholders in the field of strategic meetings management (SMM). Support was also provided by *CWT Meetings & Events*, the meetings and events division of Carlson Wagonlit Travel.

Date: January to May 2016

Objectives

- ▶ Offer an overview of SMM and benefits to corporations
- ▶ Define key factors to achieve sustained success in SMM programs
- ▶ Provide best practice examples of companies that have successfully implemented SMM strategy
- ▶ Identify obstacles faced by companies trying to implement or advance SMM strategy and highlight ways to overcome them

Methodology

CWT and The BTN Group used the following research methodologies in writing this report:

- ▶ Interviews with more than 20 travel and meetings management experts from corporations, travel management companies, technology and solutions providers, travel suppliers, trade media and consulting firms
- ▶ A detailed online survey of 246 professionals involved in meeting planning roles worldwide (see pages 56 and 57 for a breakdown of demographics)
- ▶ A focus group conducted with a dozen strategic meetings management professionals, including SMM consultants, technology providers and leaders of global SMM programs in a variety of industries
- ▶ Review of secondary research as detailed in bibliography



EXECUTIVE SUMMARY

This latest global research conducted by the CWT Travel Management Institute in partnership with The BTN Group, a division of Northstar Travel Group, explores the drivers of success in strategic meetings management. Drawing on interviews conducted with industry experts, case studies and a global survey, the report provides an in-depth look at strategic meetings management and the benefits and challenges of implementing a program. We also have provided best practices recommended by corporate practitioners who have successfully deployed SMM programs.

Early adopters of SMM programs describe a host of benefits ranging from transparency into spend and cost savings to risk mitigation, duty of care and compliance, whether to regulations, including the U.S. Foreign Corrupt Practices Act, or corporate policies. Others contend that brand and customer service delivery consistency that a strategic approach can provide are critical. These benefits have accrued to companies across industry segments and geographies. Despite these success stories, the industry still has not reached a high level of market maturity.

More than half of companies surveyed had yet to launch SMM initiatives. Most of those who first embraced the concepts years ago still don't define their programs as "mature." For many, SMM appears to be a work in progress for which they're not yet ready to claim that they have mastered. The good news is that a program does not need to be fully mature to start generating benefits, and some of the most basic early components can yield significant results.

Experts agree that implementing an SMM program is a journey, not a destination, and that it is constantly evolving. Each program is and should be unique, designed to align with corporate goals and culture. This lack of a one-size-fits-all solution may make putting a program in place seem daunting to some; instead, it should be viewed as an opportunity. The fact that there are so many potential configurations underscores the required flexibility of SMM programs. Establishing a program does not have to be an onerous or daunting task. Many of today's most effective programs started small and grew, building on their successes.

Expanding globally, successful programs have been based on solid strategies but nimble enough to bend and flex to local cultures, practices and regulations.

We have spoken to these experts and summarized the best practices they have shared to provide practical advice to design a strategy, deploy a program or expand one that is underway. Some key advice and findings include:

- ▶ Focus on the strategy, not the tactics
- ▶ Don't try to do too much at the onset. Start small, show value and grow from there. Many companies choose to start with big impact areas such as venue sourcing
- ▶ Determine what you want to achieve before you start, and build a roadmap to reach that destination
- ▶ Communicate early to all internal (e.g. business owners, meeting planners) and external (e.g. hotel partners and technology providers) parties who will support your program to ensure they understand the roadmap and goals
- ▶ Consider outsourcing some or all of the components of your program to accelerate development and leverage external expertise. Travel management companies can be a great consulting resource to get your program started.
- ▶ Stakeholders, stakeholders, stakeholders: Identify them early, get their buy-in and continually engage with them to maintain their support. Consider creating an internal committee with representatives from all impacted areas and regional road shows.

For those who have already started a program and are looking to expand, regionally or globally, experts advised:

- ▶ Customize goals by region
- ▶ Don't be intimidated by the concept of going global; programs do not have to be fully mature in all regions to show value
- ▶ Consider pilot programs versus a full rollout to gain "mini-successes" and manage stakeholder expectations

All this advice must be taken with an eye to industry developments. Consolidation in the global market most certainly will impact programs through changes in pricing, innovation and improved client service.

What is next? As SMM programs mature and continue to show value, expect increased integration with marketing and sales groups. With that, expect an increased focus on attendee satisfaction and new and innovative ways to measure the Return on Event (ROE).



INTRODUCTION

Strategic meetings management programs continue to show great success in terms of transparency into spend, cost savings, risk mitigation, duty of care, compliance and other key benefits for a company. Innovative programs also reveal other benefits around meeting effectiveness, attendee satisfaction, and returns on investment, objectives and engagement.

However, it appears that strategic meetings management adoption, globalization and maturity are taking longer than initially expected to reach critical mass. Nearly 20 years after early adopters first began SMM programs, more than half of companies surveyed had yet to launch SMM initiatives. Most of those who first embraced the concepts years ago still don't define their programs as "mature." For many, SMM appears to be a work in progress for which they're not yet ready to claim that they have mastered. The good news is that a program does not need to be fully mature to start generating benefits, and some of the most basic early components can yield significant results.

To learn more about current thinking of SMM programs around the globe, CWT and The BTN Group conducted extensive research through an online survey, interviews and a focus group of SMM subject matter experts. The objective was to learn where companies were on the SMM continuum, how they're measuring their success and mastery of this discipline. We also wanted to learn why companies still might be reluctant to set up a program, and get practical advice from industry experts from around the globe to overcome obstacles and ensure continued success.

Key Findings:

- ▣ Strategic meetings management programs continue to show great success in terms of transparency into spend, cost savings, compliance and other key benefits for a company.
- ▣ There is continued market interest in SMM programs, and this interest is moving into other geographic regions such as Europe, many building on the successes in North American programs where the SMM concept originated.
- ▣ Companies that are reluctant to start a program should not be intimidated by SMM; a focus on the strategic versus the tactical will keep the program from becoming too complex.
- ▣ Instead of just one prescribed path, there are many roads to develop and implement an SMM program influenced by company culture, industry regulations, established practices and many other factors. But it is critical for companies to set their roadmaps with clear goals aligned to company objectives.

As with many corporate programs, goals and measurements for strategic meetings management initiatives should be evaluated and perhaps altered each year to ensure that the program continues to meet objectives. More details are presented in the study.

SMM BASICS

- ▶ SMM program flexibility
- ▶ Multitude of benefits

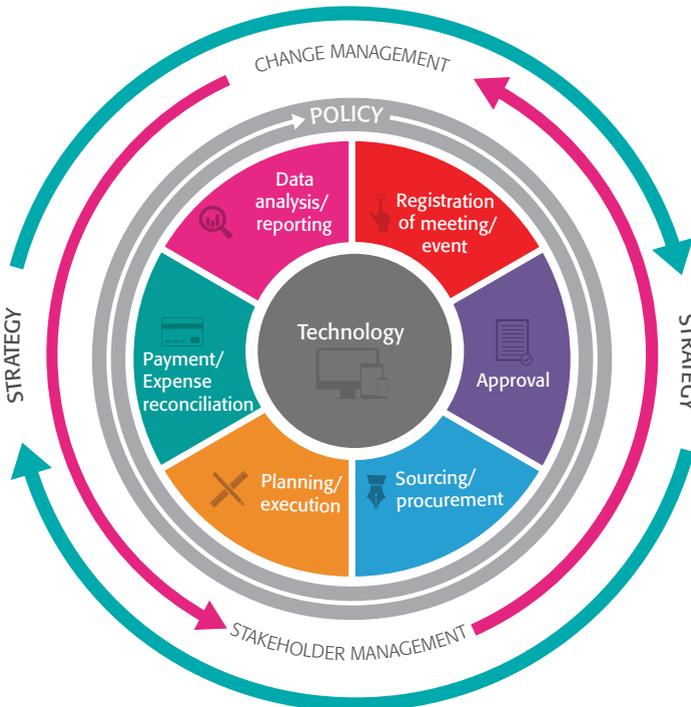


Concepts for strategic meetings management have been around since the mid-1990s.¹ In 2004, the Groups and Meetings Committee of the Global Business Travel Association — then known as the National Business Travel Association — outlined a framework for strategic meetings management programs. The group released a series of papers to guide companies through SMM development, implementation and maturity.

The GBTA Groups and Meetings Committee now defines the concept as follows: “strategic meetings management (SMM) is a disciplined approach to managing enterprise-wide meeting and event activities, processes, suppliers and data in order to achieve measurable business objectives aligned with the organizations’ strategic goals/vision, and deliver value in the form of quantitative savings, risk mitigation and service quality.”

What is important to note in the definition is that SMM is not just a set of rules, but rather a holistic approach to thinking about meetings.

Figure 1 Strategic meetings management



Source: Adapted from GBTA Strategic Meetings Management graphic

SMM program flexibility

While the definition itself is straightforward, in practice many SMM models have emerged. That is because there are a number of factors that influence the development of an SMM program. Internal factors, such as company goals, configuration and culture, play a crucial role in the structure of an SMM program, as do external factors, such as industry and geography. What has resulted is a continuum of programs that range from fully mature global models to hybrid ones that encompass a few key components.

Unfortunately, many companies perceive the lack of a unique model or standard as making the SMM model complex. In fact, the opposite is true. That there are so many potential configurations underscores the flexibility of SMM programs. Putting a program in place does not have to be an onerous or daunting task. Many of today's most effective programs started small and grew, building on their successes.

Multitude of benefits

The benefits of SMM to a company are numerous, which is why there continues to be robust interest. Cost savings are typically the biggest driver as new programs often report early saving ranges from 10 percent to 25 percent² of original spending. Additional benefits, such as transparency into spend, risk mitigation and improved regulatory compliance, for many companies are just as important, if not more so, than cost savings. As programs mature, experts emphasize that savings simply become expected and no longer may serve as effective parts of metrics reports to senior management. Instead, duty of care, risk management, customer

satisfaction and, increasingly and especially among those that extend SMM to marketing events, brand management are valuable benefits of SMM.

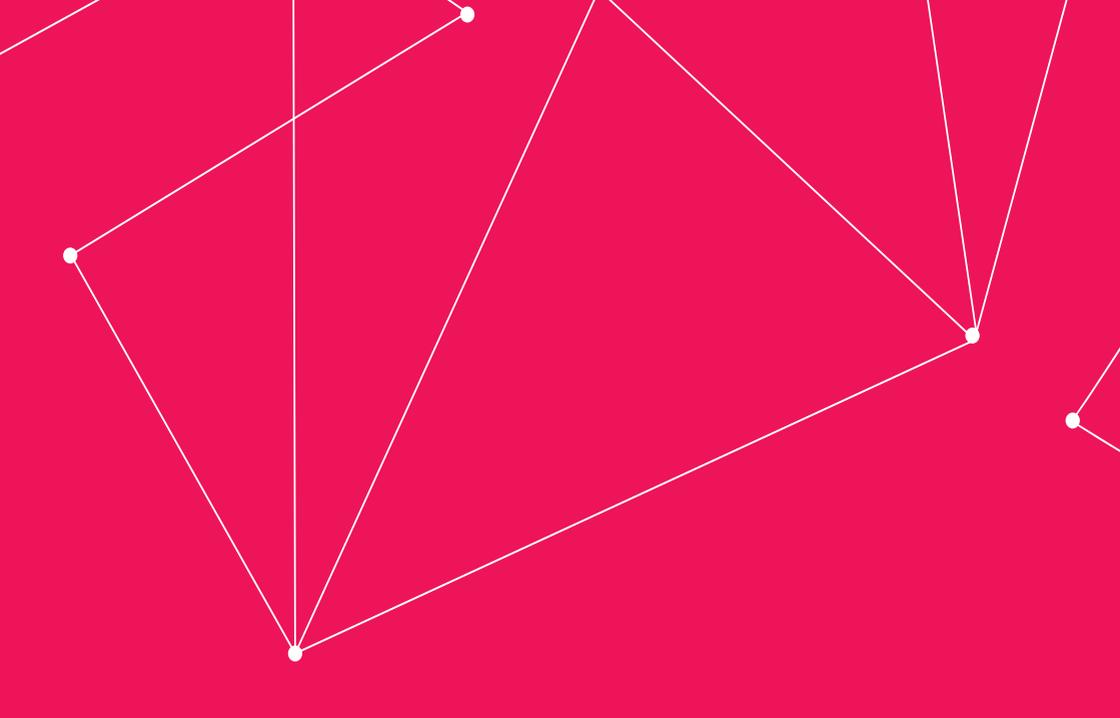
Compliance, whether to regulations, including the U.S. Foreign Corrupt Practices Act, or corporate policies, also is an increasingly important aspect of SMM deliverables for many organizations. For others, the brand and customer service delivery consistency that a strategic approach can provide are critical.

All these benefits ultimately contribute to a principal outcome of a successful SMM: attendee satisfaction and improved return on event (ROE). By providing meeting planners with tools and technology that make them more efficient, they are able to spend less time on the logistics of meetings management and more on meeting content, attendee experience and achievement of meeting goals.

Figure 2 Benefits of an SMM Program



Source: CWT Travel Management Institute



THE JOURNEY TO STRATEGIC MEETINGS MANAGEMENT SUCCESS

- ▶ SMM is a journey, not a destination
- ▶ Contract review
- ▶ Other ways to build a business case
- ▶ Savings
- ▶ Keep focus in scope
- ▶ Well-established maturity model
- ▶ Sustaining SMM success
- ▶ Outsourcing options

SMM is a journey, not a destination

Experts agree that a key thing to keep in mind when first devising a SMM program is that it will evolve over time. Changing marketplaces, technology and business objectives will force companies to continually alter their SMM priorities. Companies each year need to identify what to focus on, measure those factors and set internal expectations based on the redefined goals.

Determine what you want to achieve before you start, have a roadmap to get there and communicate to those supporting the program along the way, experts advise. The starting point for many organizations has been centralized sourcing – whether it is handled by a dedicated internal team or outsourcing partner.

More than a quarter of survey respondents said they had ventured down the SMM path with either comprehensive internal or outsourced programs or with a more

targeted approach for certain components, such as sourcing. While about 14 percent of survey respondents said they planned to implement an SMM program this year, 54 percent of survey respondents said they had never tried to implement one.

Other recent studies have pointed to higher adoption levels of SMM initiatives. For example, a 2013 GBTA Foundation survey of 355 travel and meeting managers reported that 52 percent of respondents said they worked for companies with an SMM program in place and 31 percent who indicated a program was in development.³

It's important to note the roles and global respondent demographics when considering results presented here. Of the 246 completed respondents, 45 percent identified their role as travel manager, 21 percent as vice president or director, 20 percent as executive or administrative assistant, 18 percent as meeting manager or planner and 8 percent as senior-level executive, CEO or COO. Some selected more than one role.

Contract review

For a number of companies, SMM initiatives began with a centralized review of contracts. "Simply add a line to your travel policy" that all hotel contracts for meetings must be sent for review before signing to travel, procurement or another centralized department, said Cindy Heston, Director of Travel and Events, Anthem Inc. When Heston added that line to her company's policy more than five years ago, she didn't know how many meetings or contracts her company had, she said. That directive allowed Heston and her team to gradually build the data to develop a game plan for SMM.

Dart Container Travel Services Manager Cheryl Benjamin said her team began

working on a meetings management plan about eight years ago, with Dart's ARC-accredited Corporate Travel Department offering its expertise in sourcing, contracts, logistics and even onsite management to various business units. "Over time, we really built this out and have shown the value," she added. Now, business units register most meetings and the corporate travel department reviews and signs contracts. Integrating its travel booking and meetings technology, Dart also can recommend options that provide enhanced service to meeting attendees and bottom-line savings. For example, after reviewing flight manifests for a recent meeting, Dart scheduled car service pickups for attendees scheduled to arrive on flights within minutes of one another, rather than have each take a taxi from the airport.

Other ways to build a business case

To gather initial data to build a business case, value proposition and plan for SMM, others have deployed meetings cards, asked suppliers for reports on all meetings at chain hotels, used interns to review expense reports and employed third-party firms to compile and extrapolate data from multiple sources.

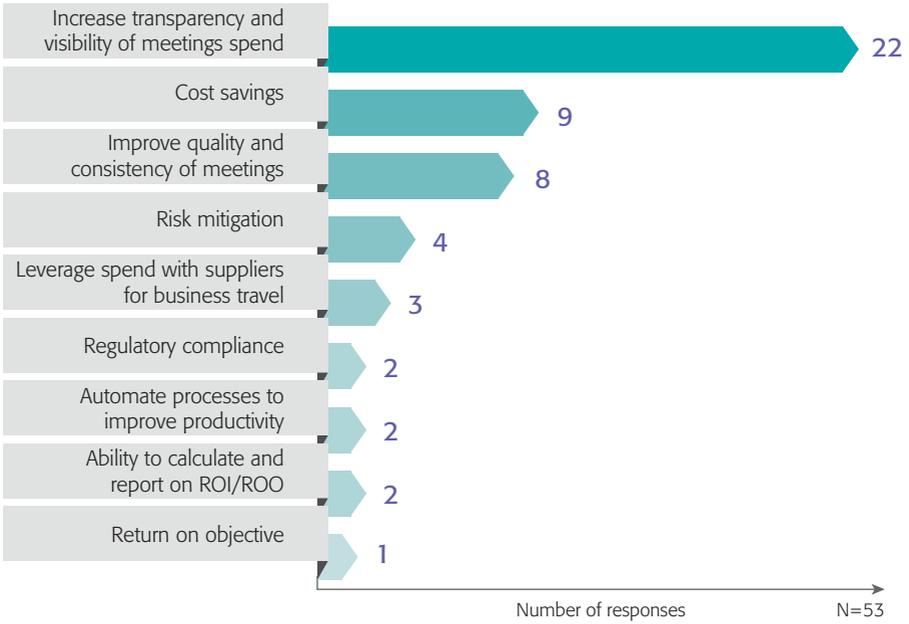
Figure 3 Does your organization have an SMM in place?



Source: CWT Travel Management Institute Survey

N=197

Figure 4 What was the primary reason for setting up your SMM program?



Source: CWT Travel Management Institute Survey

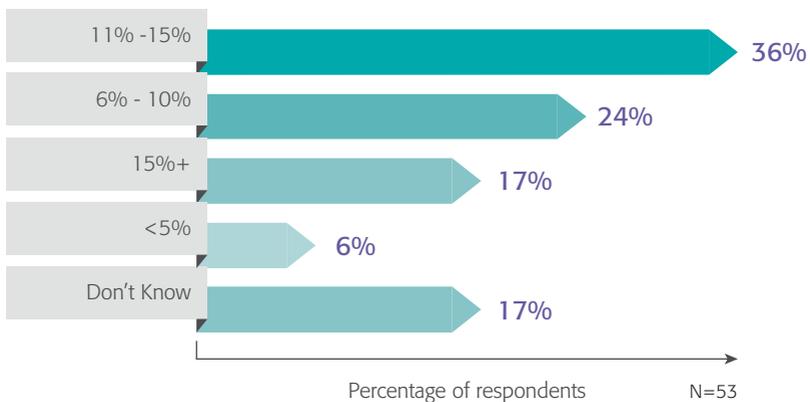
Savings

The potential for savings long has been a driving force for many SMM programs, especially those developed in economic downturns. More than half of survey respondents with SMM programs reported savings of greater than 11 percent, while 17 percent reported savings that exceeded 15 percent. Savings are relatively easy to quantify in the early years of an SMM program. But as the program matures, savings from leveraging supplier partnerships and negotiating rates often are more difficult to substantiate, especially to procurement definitions. In fact, more survey respondents indicated that “increased transparency and visibility of meetings spend” is a larger driver than cost savings in establishing an SMM program, and several experts interviewed agreed.

“The value proposition is really around visibility, (policy) compliance, risk, scheduling and all other benefits in addition to cost savings,” according to Cisco Systems’ Carolyn Pund, CMP, CMM, Senior Manager of Global SMM and Event Business Operations. As cost savings are expected, stakeholders need to “understand the other values” to be convinced of the need for an SMM program.

Increasingly, duty of care and the ability to identify where employees and other meeting attendees are at all times is a driving force, according to Kevin Iwamoto, a veteran SMM advocate formerly with Lanyon and Hewlett-Packard and now Senior Consultant at GoldSpring Consulting. “It can’t just be about cost savings or you’re going to *kibosh* your whole initiative. The success of the SMMP relies on it achieving multiple stakeholder objectives; not just cost savings,” he added.

Figure 5 What level of savings has your program delivered in the last year?



Source: CWT Travel Management Institute Survey

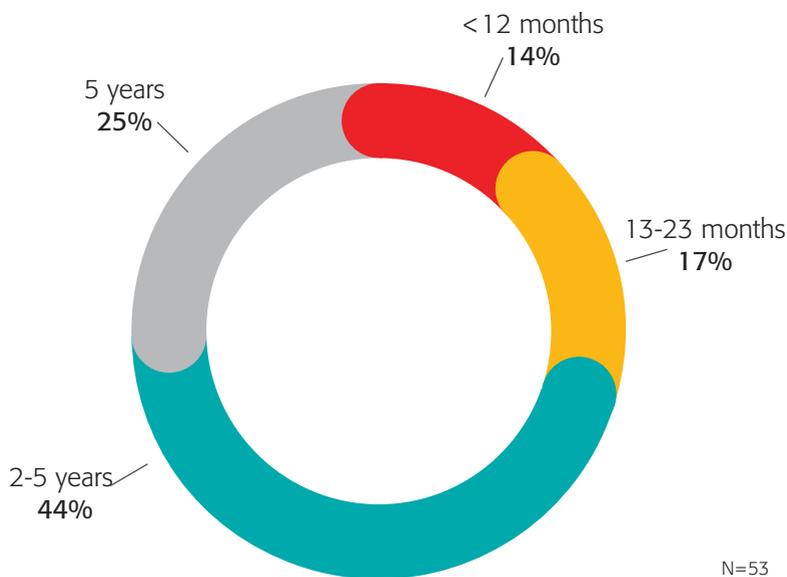
Keep focus in scope

Values likely will vary, depending on corporate cultures and current business objectives, experts reported. "The whole secret is really knowing your audience: who the company is and where they are as a whole," said George Odom, President, Strategic Travel and Meetings Group. A pioneer of SMM, Odom began the practice for Eli Lilly and Co. in the 1990s and later led initiatives for Hewlett-Packard. For companies trying to "strangle the dollar," savings will remain paramount, while for others, data integrity, risk mitigation, customer experience or other factors will be driving factors.

Experts warned that one of the biggest mistakes a company can make is "biting off more than they can handle." Trying to set up a program too aggressively can backfire, undermining its credibility and potentially leading to its demise.

Instead, companies report greater success gradually expanding the scope and frequently touting the benefits delivered.

Figure 6 How long ago did you begin your SMM program?



Source: CWT Travel Management Institute Survey

Well-established maturity model

There are tools to help measure a company's progress in the journey. In 2011, The GBTA Foundation and StarCite (since acquired by Lanyon) unveiled the strategic meetings management Maturity Index, a model that measures and analyzes meetings program development and implementation. Users of the index complete an online questionnaire about their SMM programs. Taking into account parameters like company size and using preloaded benchmarks, the model then gauges the user's progress in 13 SMM categories, including strategy, sourcing and procurement, data analysis and reporting, policy and technology.⁴

Figure 7 Strategic meetings management maturity



Source: Adapted from GBTA's Strategic Meetings Management Maturity Index

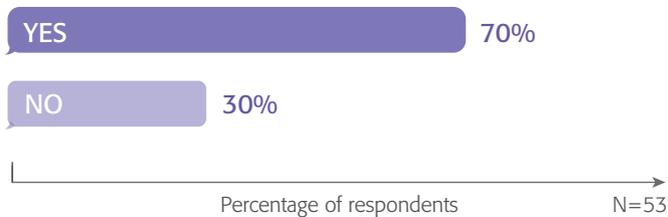
Sustaining SMM success

After implementation, what are the top obstacles to SMM success? Compliance, according to one-fifth of respondents, followed by a combination of challenges securing key stakeholder support, a senior-level champion and the necessary budgets. Some also struggled with their corporate structures, data and reporting to prove return

on investment, technology and the overall resources to advance their programs.

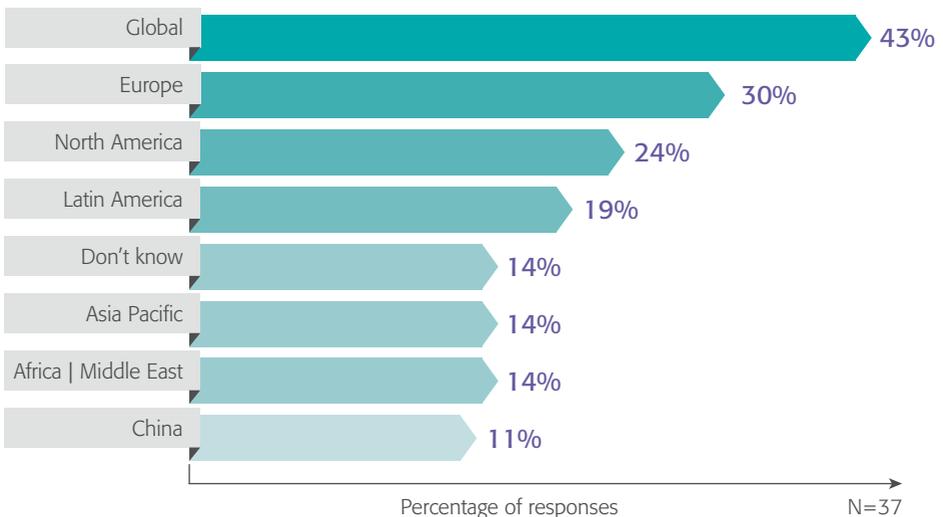
Nevertheless, 70 percent of respondents with SMM programs in place said they planned to expand into new geographic regions. More than 40 percent said they planned to expand globally, while 30 percent plan to expand specifically to Europe and 24 percent to North America.

Figure 8 Do you plan to expand your existing SMM program?



Source: CWT Travel Management Institute Survey

Figure 9 To which regions do you plan to expand your existing SMM program?



Source: CWT Travel Management Institute Survey

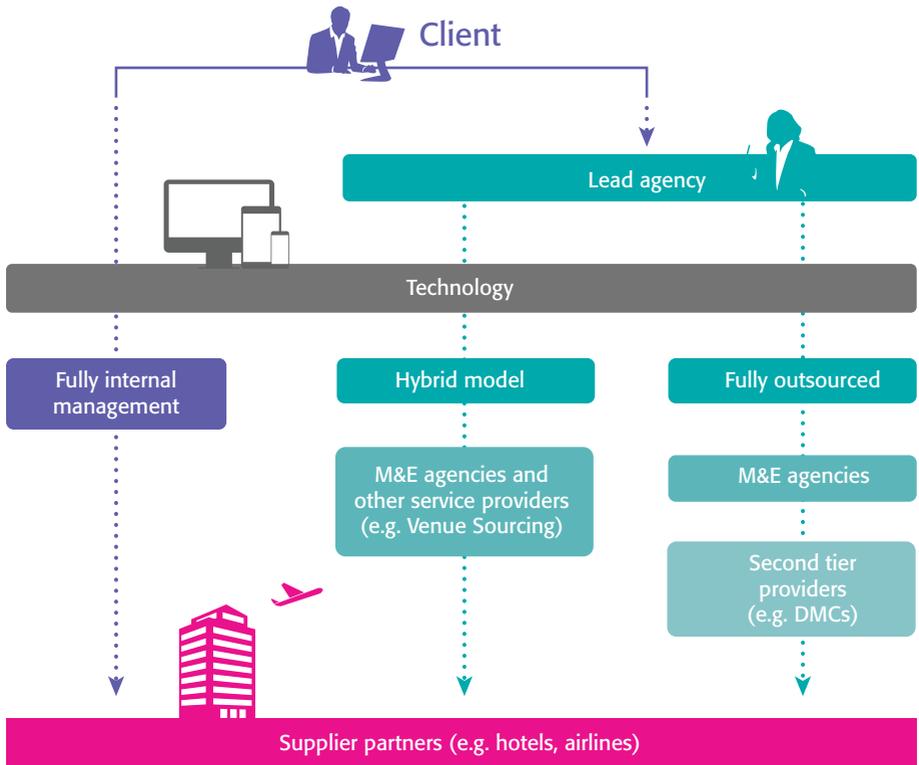
Outsourcing options

Should a company house their program internally or outsource it? Or a combination of both? What elements are most important to put in place first? Not surprisingly, the answer is: It depends. More than 60 percent of respondents said they outsourced some aspect of their SMM programs. Most often (47 percent), they outsourced attendee registration and management, followed by off-site venue selection and contracting, site selection or other sourcing. Only 20 percent of those who outsourced said they did so for speaker sourcing or management and

contracts and far fewer did so for supplier strategy. Meeting management (50 percent) and travel management (42 percent) firms were most often tapped to provide the services.

Service configurations vary widely within the industry and are highly customized based on a client's goals, structure, industry, technology and a host of other considerations. The chart below notes some sample configurations along with their benefits and considerations. Many TMCs provide consulting services to assist companies in developing their programs.

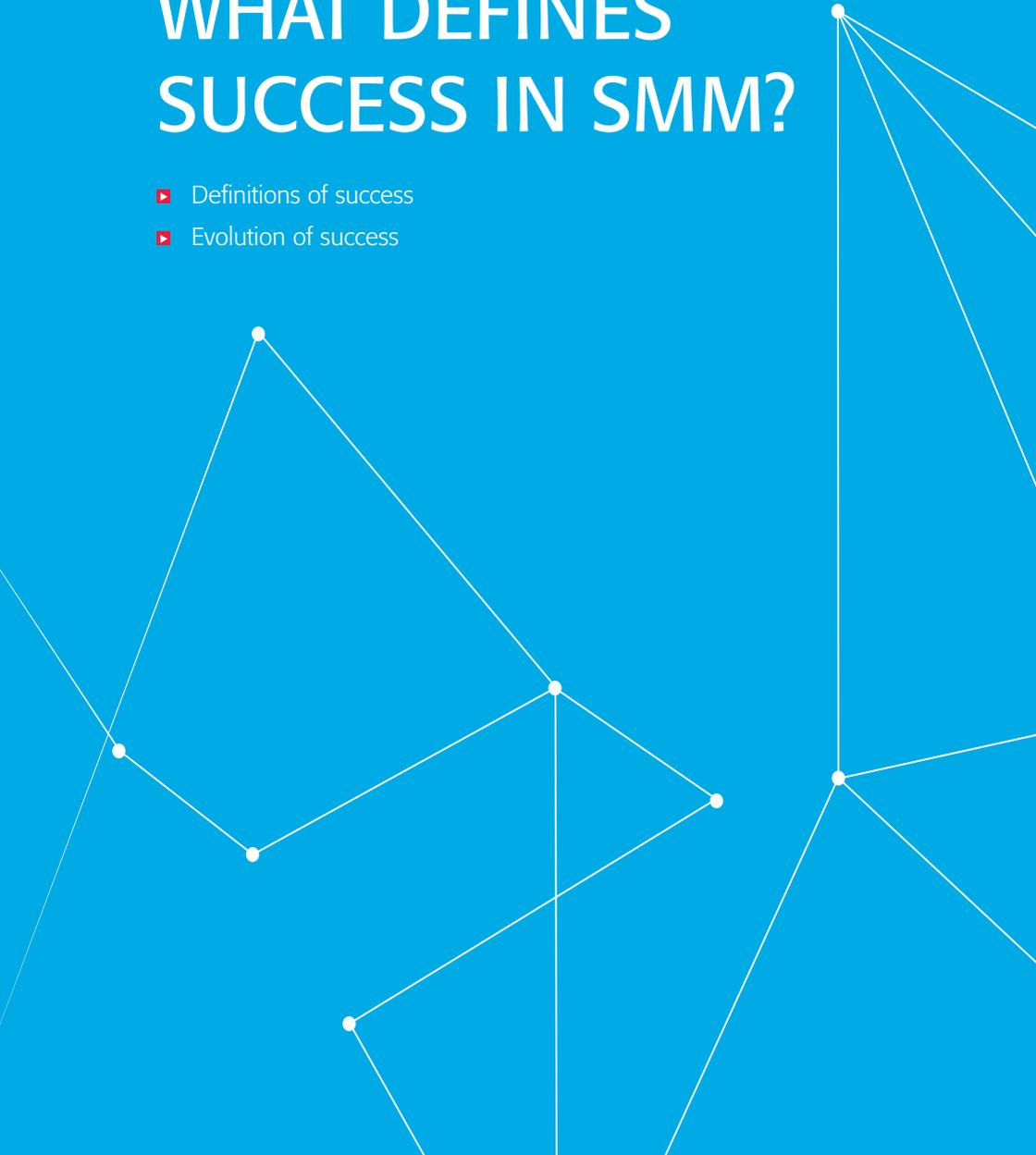
Figure 10 Sample SMM program models



Source: CWT Travel Management Institute Survey

WHAT DEFINES SUCCESS IN SMM?

- ▣ Definitions of success
- ▣ Evolution of success



Definitions of success

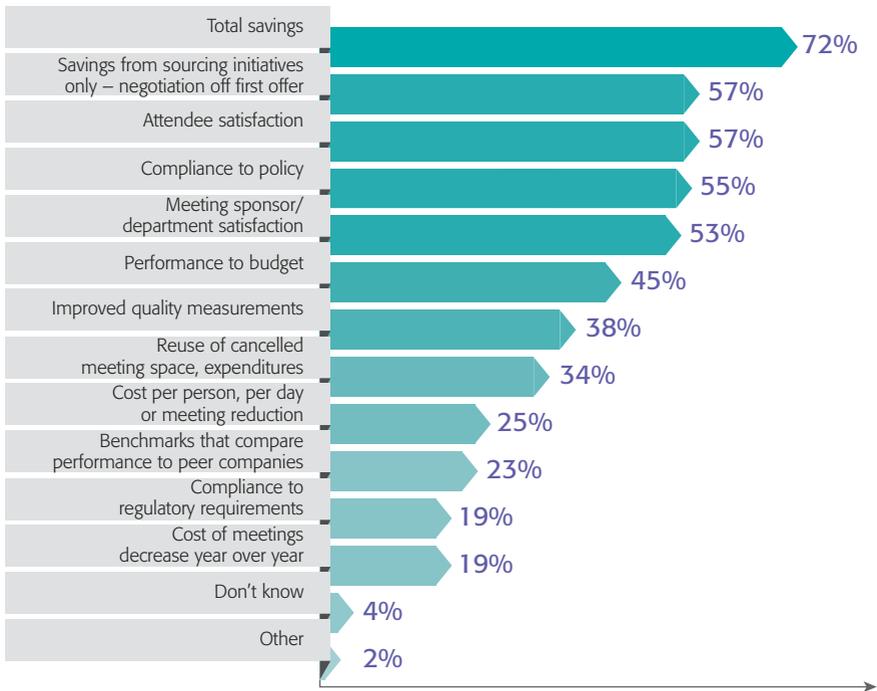
What is success in strategic meetings management? For many, it's the gradual advancement of programs to new business units, acquisitions, geographies or types of meetings, such as large, citywide events that are especially prevalent with technology companies.

Despite the comments from experts about savings in the last chapter, survey respondents clearly indicated that total savings is the overwhelming success metric. In a two-way tie for second were savings from sourcing initiatives only, satisfaction of attendees or meeting sponsors and compliance to policy.

Evolution of success

Eli Lilly's Vera Schuster noted that once she expanded her program to key countries in Europe and Asia with contracts, reporting, standardized processes, key customer service metrics and other values, she wanted "optimization. I want to see results from adherence to the preferred hotel program, results from sourcing or e-sourcing of venue. It's a journey in continuous improvement." In year six of her program, Schuster, Lilly's Global Travel and Meetings Services Director, said it might not hit all the metrics of the "most mature model" of SMM. "Yet, we have shown the value."

Figure 11 How do you measure success of your SMM program?

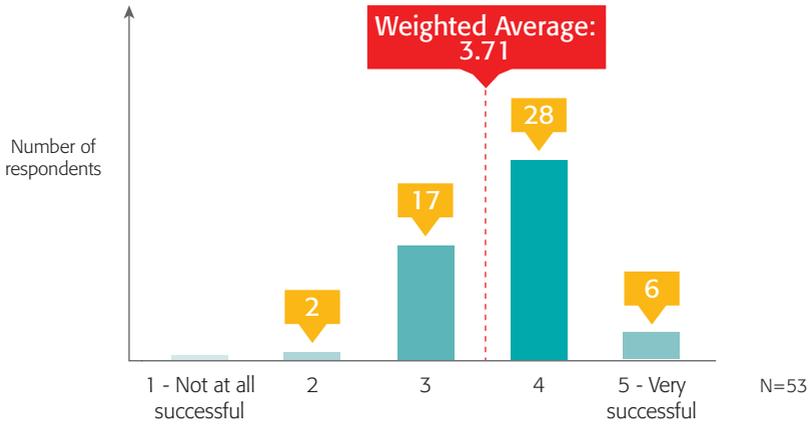


Source: CWT Travel Management Institute Survey

Percentage of responses

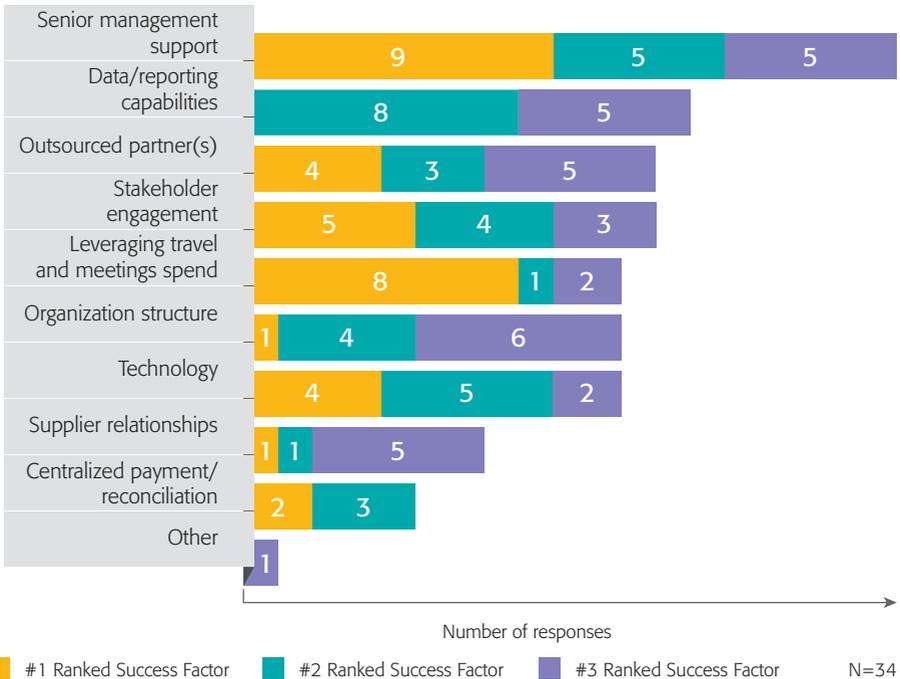
N=53

Figure 12 How successful is your program?



Source: CWT Travel Management Institute Survey

Figure 13 What do you consider to be the top 3 reasons for success of your program?



Source: CWT Travel Management Institute Survey

ANTHEM'S APPROACH TO SMM

Company: Anthem Inc.

Industry: Health care

SMM Owner: Travel

SMM Began: 5 years ago with policy change to send all contracts to procurement for review

Volume: 900 meetings

Approach: Used data to segregate meeting types, needs and devise solutions. All meetings are registered. Smaller meetings in, or near company offices may be handled by admins or business owners with contracts, negotiated rates and other tools provided by travel and events. "We give them a toolkit and send them an email with everything they need to execute a successful event," said Cindy Heston, travel and events director, Anthem. "Where we can provide synergies and systematic approaches, we do. So, 50 percent to 60 percent of our events are rationalized. When they hit, I already know how we'll provide a solution. But 40 percent of our meetings will never fit in a box. Stakeholders want a new experience, the 'wow' factor. That's where you need the expertise of your team to provide those new experiences as you won't standardize it."



KEY SUCCESS FACTORS AND BEST PRACTICES

- ▶ Separate strategy and tactics
- ▶ Policies and mandates
- ▶ Duty of care
- ▶ Hotel partner insights
- ▶ Small meetings management
- ▶ Vertical industry implications
- ▶ Role of technology and integrations with other tools

One challenge of defining strategic meetings management and devising an approach to fit a company's needs has been confusion between strategy and tactics. To those who view the laundry lists of SMM components and quickly abandon interest, consultant Odom advised, "You don't have to swallow the elephant all in one bite. Take it a little bit as you go." Nor does every company have to incorporate all the pieces into their strategic plan, Odom said.

The components can be so overwhelming that some don't even attempt to travel the path. But advocates recommended that company executives first carefully consider their business objectives and align those components of SMM that could best help them achieve those goals. To further simplify the journey, others suggested that buyers streamline as much as possible, distinguish tactics from strategy and translate SMM jargon into business objectives with terminology that company executives will immediately recognize.

Separate strategy and tactics

Cisco's Pund noted that "the words 'strategy' and 'strategic' seem to be overused in every discipline of business" as many preface their initiatives with the words to add more importance to them. "While what we do is strategic meetings management, internally we've gotten away from referring to it as that and instead call it the 'business of managing meetings.' That seems to resonate better without going into big explanations of what strategic meetings management is involves." Other organizations, including McDonald's Corporation, have taken to branding their initiatives rather than explaining the SMM moniker to all stakeholders, according to Erin Stahowiak, Project Manager.

Even in the strategy, SMM coach Debi Scholar noted that "we still have to include operational management. We have to plan for operations of the strategy that we are developing. Implementation and ongoing operations may be through resources that are insourced, outsourced, or a combination of both. Without the operation, the strategy means nothing," she added.

Policies and mandates

Compliance continues to be one of the biggest challenges to SMM success, according to the majority of those surveyed. Do you mandate that all employees must follow meeting policies, or is it better to build support from the ground up?

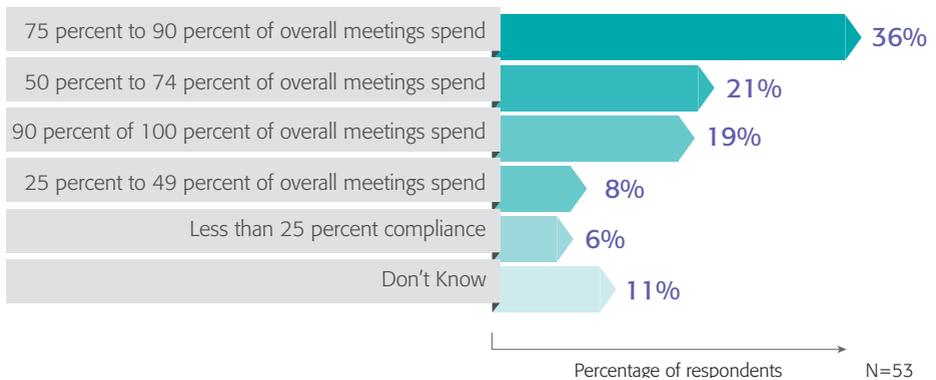
Policy is not a blanket statement, and what works for one company can be very different than that of another company.

Rather than a prescribed policy for the success or failure of SMM initiatives, Johnson & Johnson Global Manager, Meeting Services

Chris Wall said, “The policy needs to fit the needs of the business. It’s the decision of those running their companies to figure out what works.”

While viewpoints differ on the need to mandate, one thing is clear – policies can become over-complicated, often as a result of the fact that they are driven based on exceptions. New policies and existing ones should be designed or reviewed with an eye to simplification where possible.

Figure 14 What level of compliance do you have to your SMM program overall?



Source: CWT Travel Management Institute Survey

Duty of care

SMM professionals agreed that duty of care to attendees is core to a successful program. The ability to track and assist travelers in the case of an emergency is crucial. Companies that travel to areas with significant geopolitical risk need to be especially concerned about their travelers.

SMM BEST PRACTICES IN SAFETY AND SECURITY

Expanding beyond the traditional safety and security tracking of corporate air travelers, *CWT Meetings & Events* recognize the importance of a consolidated view beyond travel, and expanding this to incorporate a company's meetings and events attendees as well. These attendees could be employees, guests, or clients; and they may or may not have air travel associated to their booking. They may have driven to the meeting or event and/or may be staying in pre-arranged block space accommodation or simply attending a dinner event at a unique venue.

CWT Meetings & Events will soon have the unique ability to provide International SOS, the world's leading medical and travel security risk services company, manifests of meeting attendees so that clients can quickly and efficiently locate their attendees should an incident or emergency situation occur. This innovative solution is currently in pilot with plans to launch in the fall.

Hotel partner insights

The success of an SMM program also is highly dependent on its strategic partnerships with suppliers. According to a study conducted by Meeting Professionals International entitled “Strategic Meetings Management: Taxonomy, Growth and Future,” programs with strong relationships with partners acknowledge the following three factors⁵:

- ▶ Organizations achieve savings by negotiating favorable rates with suppliers, and long-term relationships can provide leverage for these negotiations
- ▶ Good business relationships help reduce risk because supplier quality is known
- ▶ Service quality can be enhanced in the relationship process

In interviews, suppliers, particularly hoteliers, indicated that there are a number of ways SMM owners can work smarter with their partners. “Suppliers are there to help along the journey,” said a vice president of global

sales for a large hotel chain. Often some of the most successful programs not only have ongoing communications, such as quarterly business reviews, but also work with their hotel suppliers to vet policies before they are put into place in order to identify any potential issues. Large suppliers have worked with a host of companies on SMM programs and often are willing to share their experiences with organizations working to set up a program to avoid potential pitfalls.

Another global hotel representative indicated that clients learn more about their programs by asking “what is not working” in addition to “what is working. Providing the hotel partner with a proactive way to identify stakeholders and/or process issues without feeling uncomfortable can yield some very interesting insights for a company”.

Not surprisingly, there was a broad consensus that SMM partnerships work best when there is a two-way channel that provides transparency and mutual benefits.

ADVICE FROM PARTNERS

“Quarterly reviews with top suppliers – make it a two-way exchange to share intelligence, more than just a production review. If a customer gives strategic insight it is very valuable especially if they provide tips and action points on how to get more business in the organization.”

Julie Hills, Managing Director of Corporate Group Sales, Hilton Worldwide

“Very helpful if the company has a global agency or at the very least a designated/identified list of agencies who are aware of the program and are supportive of it.”

Kaaren Hamilton, Vice President, Global Group Sales, Carlson Rezidor Hotel Group

“Work on developing sourcing tools to get the data, trends, patterns that fit in with your program, sourcing tools are key.”

Carey Duckworth, Director of Global Corporate & MICE Sales, Corinthia Hotels

“Try to open doors vs building fences – where [SMM] works best is where people build programs and can trust their partners to reinforce the messages.”

Julie Hills, Managing Director of Corporate Group Sales, Hilton Worldwide



Small meetings management

Small meetings actually constitute a large amount of spend – 70 percent to 80 percent⁶ of all meeting expenditures, which makes them an important element of any program. One key question when setting up an SMM program is determining the meeting sizes that should be included. While it varies,

a small meeting generally is defined in terms of number of attendees or meeting spend. Company definitions often range from less than 10 or 25 attendees or \$25,000 in spend. The size of the meeting to be included in the SMM program will depend on the goals of a company's program, organizational structure and the resources available to manage it.

Figure 15 When should you include small meetings in your SMM program?

Include in SMM program

- ✓ Greater control over total spend when done successfully
- ✓ More complete data for transparency
- ✓ Improved supplier negotiations
- ✓ Streamlined contracting
- ✓ Many meeting tasks (sourcing, attendance tracking) still need to be managed regardless of meeting size

Don't Include in SMM program

- ✗ Small meetings not a large part of your spend
- ✗ Need or want to start SMM with a simpler program
- ✗ Cost and transparency are less important
- ✗ Highly decentralized internal structure

Source: CWT Travel Management Institute Survey

Vertical industry implications

The industry in which a company operates arguably is one of the most important drivers of a company's SMM program.

The obvious example is the life sciences and pharmaceutical category, where the regulatory environment and oversight makes compliance a crucial driver behind and focus of the SMM program. Due to the complexity of global regulations, pharmaceutical companies often outsource many components of their programs. Arguably, this industry has the most mature global programs in the market. Increased public scrutiny also has been cited as a driver of the need for SMM programs in the financial services and insurance vertical, resulting in a more mature market than some other industries.

In addition to the external regulatory environment, industry performance and demographics also may play a role in a company's SMM program. Some technology companies observe quicker adoption of their programs, perhaps due to the nature of newer, leaner, more efficient cultures that more quickly adopt both standardization and tools. Other technology companies in high-growth mode haven't even considered an SMM program, as they don't see the need.

The chart below illustrates some of the unique industry behaviors *vis-à-vis* SMM programs.

Figure 16 Comparison of Industry Verticals

	Life Sciences and pharmaceutical	Technology	Banking/ Insurance	Manufacturing
Regulatory environment	High	Low	High	Low
Examples of Key Regulations & Agency Oversight	<ul style="list-style-type: none"> ■ Foreign Corrupt Practices Act (FCPA) ■ Sarbanes Oxley (SOX) ■ Federal Sunshine Act/ Open Payments ■ Anti-Kickback ■ European Federation of Pharmaceutical Industries and Associations (EFPIA) ■ International Federation of Pharmaceutical Manufacturers Association (IFPMA) ■ Office of the Inspector General (OIG) 	<ul style="list-style-type: none"> ■ SOX ■ FCPA 	<ul style="list-style-type: none"> ■ SOX ■ FCPA ■ National Association of Securities Dealers 	<ul style="list-style-type: none"> ■ SOX ■ FCPA
Key Observations	<ul style="list-style-type: none"> ■ Compliance and risk focused ■ Special HCP Rules ■ High spend on meetings ■ Larger number of meetings types (e.g. Association sponsored meetings, in house meetings) 	<ul style="list-style-type: none"> ■ Less cost sensitive ■ Many report into marketing ■ Quicker to roll out SMM programs due to technology mindset of employees 	<ul style="list-style-type: none"> ■ Tend to keep internal vs outsourcing ■ Less cost focused ■ Concerns over increased scrutiny and public perception 	<ul style="list-style-type: none"> ■ Higher cost focus ■ Lower adoption of SMM programs ■ Meetings more internal in nature (e.g. training)
% Survey Respondents with SMM Program	37%	33%	50% <i>(but higher number of hybrid)</i>	13%

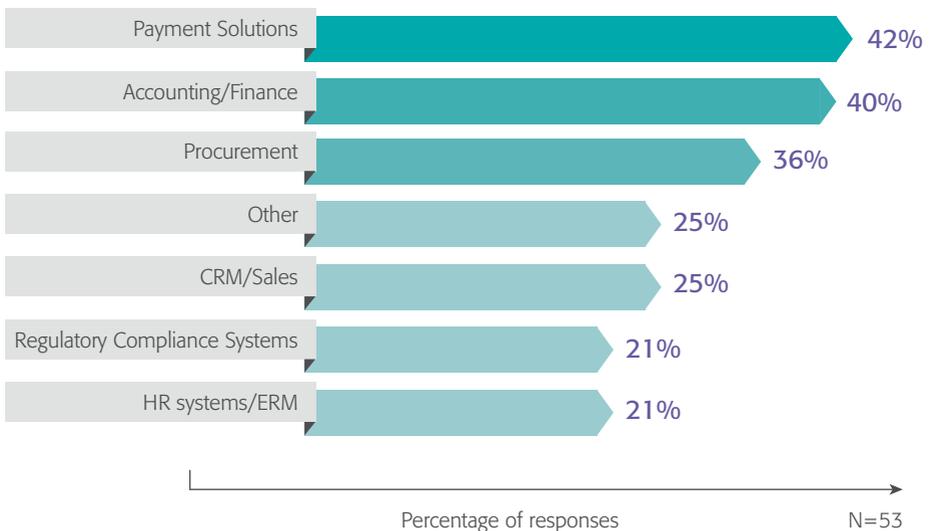
Source: CWT Travel Management Institute Survey

Role of technology and integrations with other tools

One emerging trend in business, travel and meetings management has been the integration of systems. Companies long have integrated travel booking systems with expense and meeting registration systems to streamline the processes for travelers and attendees. But efforts have just begun to integrate more complex meeting technology into expense, general ledger or enterprise resource planning systems to provide a more complete, real-time view of budgets or highlight opportunities to better leverage supplier negotiations.

Survey respondents said they most often integrated meeting technology with payment systems, followed by accounting/financial and procurement solutions. Fewer than one-quarter of respondents indicated integration with customer relationship management/sales, human resources/enterprise resource planning or regulatory compliance systems.

Figure 17 Which of the following systems are integrated with your M&E technology?



Source: CWT Travel Management Institute Survey

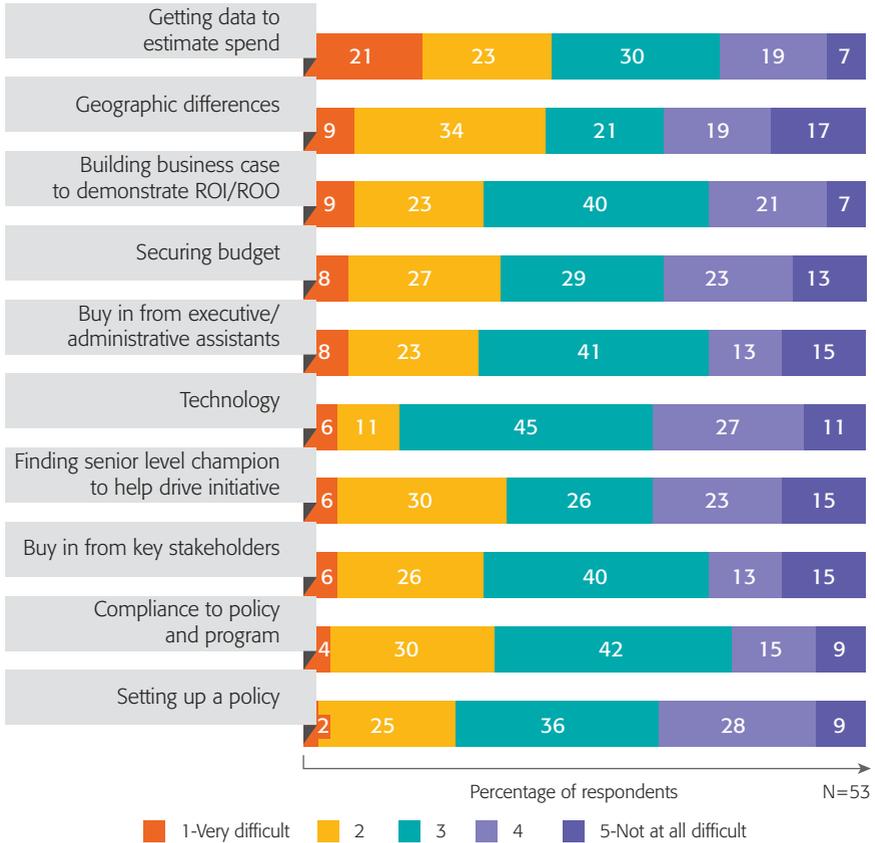
CHALLENGES

- ▶ Stakeholder engagement
- ▶ Role of the executive assistant
- ▶ Not enough volume, resources, time, data



Even the most passionate meetings management strategist will acknowledge that implementing or advancing a program relies on a number of factors from gaining or maintaining stakeholder engagement to expanding the initiative around the globe, as illustrated in the chart below.

Figure 18 How difficult were the following items when setting up a program?



Source: CWT Travel Management Institute Survey

Stakeholder engagement

Experts also emphasized the need to engage various stakeholders for initial and ongoing program support. From senior management and champions to administrative assistants, as well as travel, legal marketing and sales departments and business units, SMM programs typically involve every group within a company.

Not surprisingly, 60 percent of respondents with SMM programs in place identified senior leadership as the key stakeholder group in both initial implementation and ongoing support, followed by procurement, meeting planners and professionals and travel management. For ongoing support, more than half of respondents with SMM programs also cited meeting planners and professionals and executive and administrative assistants as key stakeholders.

Erin Stahowiak, Project Manager, McDonald's Corporation, said she learned best-practice approaches to stakeholder management from industry colleagues. As McDonald's began its program four years ago, Stahowiak said the team "developed a list of key stakeholders or planners outside the meetings department." The team identified their pain points, asked how the meetings department could better support planners and invited them to be part of an advisory council. As the meetings department developed its strategic plan, it invited council members to join presentations from technology providers, industry webinars and other events, Stahowiak said.

Another part of the overall plan was identifying other company stakeholders from IT, legal, security, travel, sourcing and other business units and forge relationships early. The team also shared plans with each group to ensure that necessary support for the new meetings initiative was included in annual development plans.

"As the program was announced, we essentially had planted knowledgeable people throughout the organization to be able to explain the program. The key takeaway would be to keep them involved and engaged, have more roles for them — train the trainer, etc. — to further extend their engagement," Stahowiak said.

Anthem's Heston emphasized the unique exposure that meetings provides to her department. "You are now partnering with a part of the business that you would never have otherwise. My meeting planners are my front-line team, who know customers on a first-name basis," she added.

"You want to get in with the C-suite? Go manage meetings. Transient travel is often buried within an organization. In meetings, we're sitting next to the executive team, talking about their vision of the event. There's a whole area of visibility that is just amazing, one you never would have had and one from which you can build great relationships," Heston said.

Figure 19 Which stakeholders were the most challenging to gain their initial and ongoing support of the SMM program?



Source: CWT Travel Management Institute Survey

Role of the executive assistant

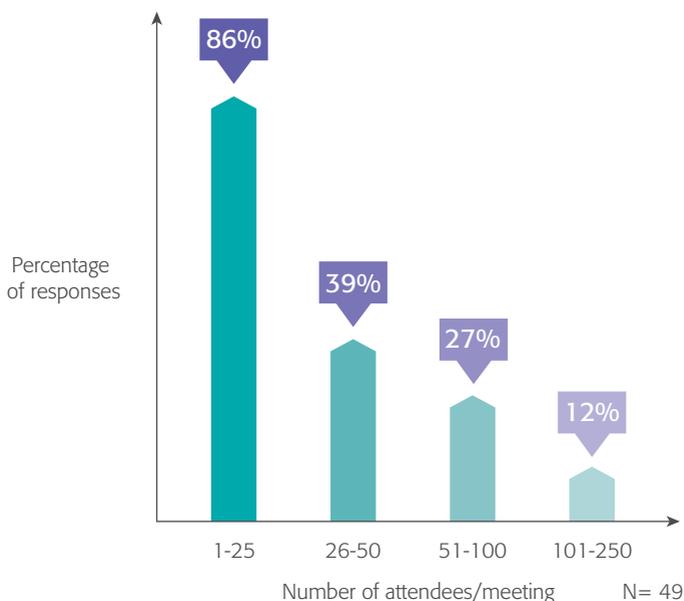
Executive and administrative assistants (EA/AA) often are key stakeholders in any SMM program. The level of engagement and buy-in required from this group can vary in importance, depending on the sizes and type of meetings included in your program. Our survey indicated that many EA/AAs planned small meetings with internal attendees. Ensuring the buy-in of this group of stakeholders can be tricky, but some key items to focus on include:

- ▣ Providing education about the program and its importance. Many survey

participants didn't fully understand what strategic meetings management programs meant, or whether their company had one in place

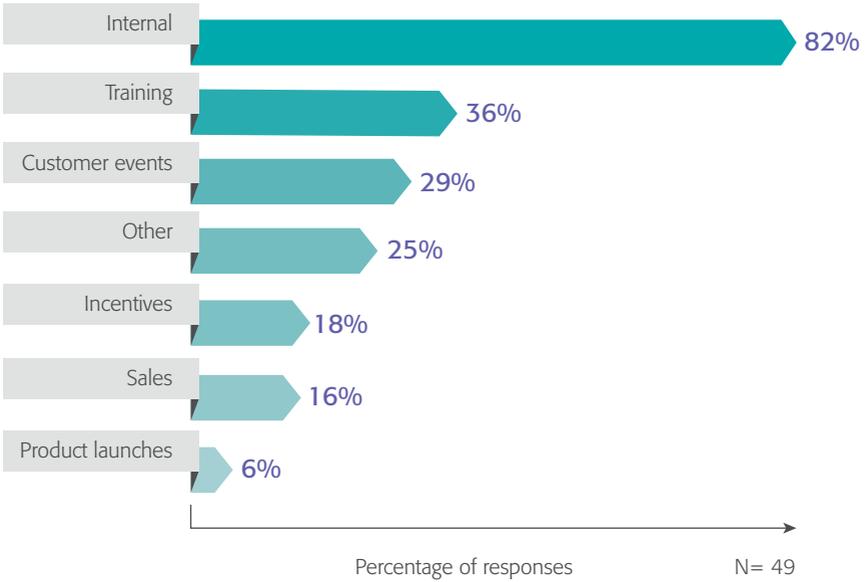
- ▣ Emphasizing the fact that the SMM program can benefit them by removing pain points. Our survey indicated such items as payment, contracting and data/reporting were the least enjoyable aspects of meeting planning
- ▣ Freeing up time on the items above will allow them more time to do the activities they enjoy, such as activity planning and onsite management

Figure 20 Administrative assistants: size of meetings planned



Source: CWT Travel Management Institute Survey

Figure 21 Administrative assistants: types of meetings planned



Source: CWT Travel Management Institute Survey

Not enough volume, resources, time, data

Among the survey respondents who don't have strategic meetings management programs, a sizeable number claimed to not have enough volume to justify one. How much would be enough? As with many areas of SMM, it depends on the overall objectives, culture, industry and other factors. Proponents noted that benefits can be accomplished for those with as little as \$1 million in annual meetings spending.

As many companies have found in their SMM journeys, overall company spend was found to be multiple times the volume projected at the start of the program. The "not enough volume" concept pertains only to what is known today, which often is just a fraction of the overall volume, experts noted.

Veteran SMM coach and author Debi Scholar said about "10 industries spend the most on meetings," including pharma/healthcare, financial services/insurance, technology, consulting, media/advertising, and consumer products. But some within these larger meeting spenders "don't even understand that they have a problem" and aren't trying to strategically manage meetings. Scholar said in such circumstances it is the job of the industry at large to "help educate them" about the risks involved in meetings, if nothing else.

One of the challenges, Odom said, is that the industry has defined SMM as "cost savings and control." But that definition doesn't work for every industry sector and company culture.

An abstract graphic design featuring a solid orange background. In the upper portion, there is a network of thin white lines connecting several small white circular nodes. The nodes are positioned at various points, creating a series of interconnected triangles and polygons. The overall effect is that of a digital or network structure. At the bottom of the image, there are several overlapping, semi-transparent geometric shapes in shades of orange, creating a layered, architectural look.

TAKING IT GLOBAL

As mentioned previously, over 70 percent of respondents with an SMM program were looking to expand it – many globally. This speaks to the many benefits existing programs are experiencing, but it goes without saying that this adds additional complexity to a program.

In addition to the regional information highlighted in the next few charts, some recommendations from those who have undertaken the global journey include:

- ▣ Customization of goals by region is important and they can change from year to year. For example, the first-year goal of a program in a new region may be focused on gathering data and sourcing. But the goals for the second year may change to a focus on cost savings. These need to be clearly articulated in the roadmap by region.
- ▣ Celebrate successes along the way, as they provide an incentive to move on to the next part of the journey.
- ▣ Don't be intimidated by the concept of going 'global.' Programs do not have to be fully mature in all regions to show value. Figure out how to break expansions into chunks that your organization can handle.
- ▣ Consider pilot programs vs. a full rollout to gain some 'mini-successes' and manage your expectations. "What I tell clients is that you can't go globally in year two unless you have identified that up front as part of your SMM program strategy," said Kevin Iwamoto, "so that you can have those conversations with your supply partners and technology company and whomever is going to be engaged first."

NORTH AMERICA



REGIONAL OBSERVATIONS

- ▶ SMM originated in this region and as such it is the most mature
- ▶ Industries such as life sciences/pharmaceuticals, finance and high tech tend to be the most evolved in terms of programs
- ▶ Buy in of key stakeholders is a key element of SMM programs
- ▶ Adoption of technology is much higher in North America than in emerging economies
- ▶ Loyalty programs are extremely popular in North America and transient points can be applied to meetings programs

IMPLICATIONS



Staffing

- ▶ Hiring talented staff with sourcing and planning skills and experience is crucial
- ▶ Standard Operating Procedures (SOPs) should be accompanied by escalation paths for non compliance
- ▶ Specialized roles such as Sourcing specialists, Web builders support productivity



Process design

- ▶ Meetings technology should be 'built backwards' designed to deliver analytics, Key Performance Indicators (KPIs), reporting and benchmarking
- ▶ Engage assistance of hotel partners to support commission collection
- ▶ Live access to reporting module of SMM technology to ensure dynamic real time dashboards allow for daily monitoring



Implementation

- ▶ Multiple agency models require careful advanced planning and multiple workshops and build joint SOPs, technologies and training
- ▶ Engage the willing first – allow success stories to grow and work with those who are hesitant
- ▶ Conduct workshops with key stakeholder groups to build support



Change management

- ▶ Value proposition and communications plans need to be designed by stakeholder type
- ▶ Leadership buy in expedites program maturity and output

LATIN AMERICA

REGIONAL OBSERVATIONS

- ▶ SMM becoming more prevalent in some countries like Brazil
- ▶ Processes tend to be highly manual as technology and talent are expensive
- ▶ Region tends to have unusually short lead times
- ▶ Most items considered 'negotiable'
- ▶ Differences in labor laws make staffing models more challenging
- ▶ Compliance and regulatory differences by country drive complexity
- ▶ Language, currency, tax and cultural differences are key considerations in program design

IMPLICATIONS



Staffing

- ▶ Pricing model is often % mark up on costs requiring careful scope definition
- ▶ Short lead times must be considered for resource management, process design and Service-level Agreements (SLAs) achievement



Process design

- ▶ Scope must be carefully designed and communication
- ▶ Challenges with technology deployment can result in multiple data entry
- ▶ Consider that hotels may not want to use eRFPs



Implementation

- ▶ Multiple agency models require careful advanced planning and multiple workshops and build joint SOPs, technologies and training
- ▶ Use local languages during implementation to ensure clear understanding
- ▶ Some companies try to avoid countries with currency devaluation



Change management

- ▶ Employees hesitant to provide feedback – set up regular opportunities to get feedback
- ▶ Country messages to be sent out locally vs globally



REGIONAL OBSERVATIONS

- ▶ SMM becoming more prevalent in countries such as the UK, Nordics, France, Germany but in many other countries it is still highly driven by Life Sciences & Healthcare industries
- ▶ Differences in labor laws make staffing models more challenging
- ▶ Compliance and regulatory differences by country drive complexity
- ▶ Use of Destination Management Companies (DMCs) more prevalent than in US
- ▶ Companies tend to be more consensus driven
- ▶ Language, currency, tax and cultural differences are key considerations in program design

IMPLICATIONS



Staffing

- ▶ Must consider the cost, HR and legal aspects by country when consolidating SMM
- ▶ Recommend Bi-annual face to face operational meetings across countries' teams for best practices sharing and alignment.
- ▶ Consider cross country operation training to manage peak periods



Process design

- ▶ Scope definition is crucial
- ▶ Central database of Life Sciences & Healthcare industries Regional & Local regulatory and codes of conduct compliance guidelines
- ▶ Involve technology configurations in design of KPIs and SLAs



Implementation

- ▶ Multiple agency models require careful advanced planning and multiple workshops and build joint SOPs, technologies and training
- ▶ Consider clustering countries for implementation
- ▶ Phased implementations are critical, and should be customized according to client & agency configuration



Change management

- ▶ Clear expectations setting around staffing and pricing models required
- ▶ Ensure alignment across Local, Regional & Global stakeholders within client's organization
- ▶ Adjust communications to cultural differences
- ▶ Ongoing feedback loop

CHINA

REGIONAL OBSERVATIONS

- ▶ Concept of SMM still relatively new in the region - high tech companies tend to be the most interested as employees are more open to technology and see value in data
- ▶ High growth market despite economic challenges
- ▶ Large number of suppliers driven by business practices and lack of global partners in Tier 2-4 cities
- ▶ Many hotels do not use M&E technology, even global chains
- ▶ Many manual processes due to onerous government regulations
- ▶ Use of technology outside high tech is relatively limited and there can be a perception that adopting technology will mean more work
- ▶ Tax and cultural differences are also key considerations in program design

IMPLICATIONS



Staffing

- ▶ Must consider the cost and legal aspects by country
- ▶ Bi-annual face to face operational meetings to share best practices, improve moral and ensure alignment



Process design

- ▶ Consider the reality of the hotel marketplace and lack of adoption of eRFPs
- ▶ Challenges with technology deployment can result in multiple data entry
- ▶ No meeting cards so have to use a PR/ PO system – requires a lot of manual work and long lead times



Implementation

- ▶ Scope must be carefully designed and communicated
- ▶ Consider the reality of the hotel marketplace and lack of adoption of eRFPs



Change management

- ▶ Working relationships with lead agency(s) is key
- ▶ Conduct a lot of roadshows
- ▶ Plan on frequent retraining

ASIA PACIFIC

REGIONAL OBSERVATIONS

- ▶ SMM is expanding to the region but it remains one of the least mature regions
- ▶ Many highly fragmented emerging markets
- ▶ Relationships are still very important
- ▶ Companies tend to be more hierarchical
- ▶ Processes tend to be highly manual because of local nuances which may not fit a global framework on which most technology is engineered
- ▶ Short planning lead times are still a huge issue which impacts productivity and resource planning
- ▶ Language, currency, tax and cultural differences are key considerations in program design

IMPLICATIONS



Staffing

- ▶ Pricing model is often % mark up on costs requiring careful scope definition



Process design

- ▶ Consider the reality of the hotel marketplace and lack of adoption of eRFPs
- ▶ Challenges with technology deployment can result in multiple data entry



Implementation

- ▶ Must include language support in frontline and technology/tools used in program
- ▶ Use local languages during implementation to ensure clear understanding



Change management

- ▶ Working relationships with lead agency(s) is key
- ▶ Conduct a lot of roadshows
- ▶ Plan on frequent retraining
- ▶ Country messages to be sent out locally vs globally

DOING SMM IN CHINA - Q&A WITH ALISON ZHU, CHINA BUSINESS SERVICES CATEGORY LEAD

Company Johnson & Johnson

Industry Health care

How would you define SMM in China?

The Meetings, Incentives, Conferences and Exhibits (MICE) industry is fragmented in China. It started 10 years ago with travel agencies were very focused on corporate incentive trips and has grown from there to the current definition of strategic meetings management. There are many players in the market.

How is the China market different than other regions?

The M&E industry is extremely fragmented and there are historically large numbers of suppliers. There is no one supplier that can cover whole China business. For example, there are a large number of tier 3-4 cities in China where meetings are held and as such there is still a need to use local agencies as the major TMCs don't have operations there,. We still need to do due diligence on these agencies to ensure compliance. The cost of supplier is very critical, especially as the meetings that are held there are relatively small and this becomes a big percentage of total meetings cost.

What does this mean for an SMM program?

Key suppliers need to strengthen their capability to support more business for corporate. To ensure the compliance control, a lot of manual and original paperwork and documents still need to be filed and tracked which makes it less efficient than other regions. Finally, a lot of trainings are required to adhere to local regulations.

STRATEGIC MEETINGS MANAGEMENT— WHAT IS NEXT?

- ▶ Integration of marketing and SMM
- ▶ Impact of industry consolidation



As the SMM journey continues to evolve, many companies are asking themselves, "What's next for my program?" SMM still is about savings, risk management, process and rigor – but what are the business impacts of those benefits?

Meetings and events are not held to save money or manage risk. They are held to move business forward. With this in mind, we look at the ways that SMM can support crucial marketing and brand activities.

Integration of marketing and SMM

Early SMM programs did not tend to include marketing events and exhibitions within the scope of the program. In some cases, this was due to the fact that they were considered 'different animals.' In others, these functions generally worked well and fell behind more problematic areas.

As SMM programs started to show results and proof of concept however, program managers and marketing functions have started to see the synergies that arise from including events in the SMM program. One of the keys to aligning these functions has been the realization that the term 'strategy' may mean different things to each group. The strategy of running the 'business' of the meeting (e.g. logistics, hotel negotiations) sits with the SMM professionals, while the strategy of the meeting or event itself and its key business drivers sits with the sales and marketing organization. Differentiating these terms creates a common understanding driving partnerships within organizations.

As such, many marketing and sales teams now understand that SMM can impact how

they deliver their brand, by automating processes and creating efficiencies that allow for time and space to focus on creativity, attendee objectives and attainment of business goals. When meeting and event professionals are freed up from the more logistical parts of the process, they are able to spend more time and energy on the objectives of the business. "Our job is not to create marketing content. Our job isn't to create what gets delivered out there. Our job is to help in the execution and delivery of these logistical services. Whether that be from our own employees doing it or our outsource partners, that is what our job is. To do that broadly and consistently with service that is unobtrusive and delivers value to your customers' customers, who are the ones generating your revenue, becomes highly important and successful for your business" said Chris Wall. This in turn improves the attendee experience, so no matter who plans a meeting or where it is held, the attendee still receives what is key to a particular company's brand.

Some organizations, such as Cisco, even have gone so far as to move the program from the travel and finance teams to the marketing organization. "We realized that we needed to sit close to marketing and speak their language," said Carolyn Pund. Regardless of where it sits, it is crucial that SMM professionals are perceived as sound business leaders with an interest in being collaborative partners. "As long as they take that approach and listen and do their best to understand the perspectives the marketing professionals are coming from, everyone's going to be fine," according to Kari Wendel, Senior Director – Global SMM Strategy & Solutions for *CWT Meetings & Events*.

Impact of industry consolidation

As with many fragmented industries, market consolidation is a reality. On the heels of record-high revenues and profits for the hotel industry, according to the latest analysis from STR, is further consolidation. Marriott International by mid-year expects to close its \$13.6 billion acquisition of Starwood Hotels and Resorts Worldwide. HNA Tourism Group in April announced plans to acquire all of Carlson Hotels, a portfolio that includes 1,400 hotels in 115 countries and a 51 percent stake in Rezidor Hotel Group. And in late 2015, AccorHotels announced plans to buy FRHI Holdings, parent to the Fairmont, Raffles and Swissôtel brands, for \$840 million and 46.7 million new Accor shares.

Hotel executives during mid-2015 financial calls excitedly pointed to increased demand for and revenues from meetings. Further consolidation of brands during peak periods is expected to make it even harder for some companies without a strategic approach or partnerships to secure space and rates to meet budgets.

Hotel consolidation could prompt changing business models, warned GoldSpring Consulting's Kevin Iwamoto. "Those who rely heavily on commissions" to fund their programs must carefully watch changes from consolidation, especially if they result in moves to reduce or eliminate commissions.

In the airline sector, the mega merger of American Airlines and US Airways are nearly complete, following earlier combinations

of United and Continental, and Delta and Northwest. But further consolidation of smaller carriers is expected, like Alaska Airlines' planned acquisition of Virgin America, as are deals outside the United States.

In the meeting technology space, Cvent is to be acquired by private equity firm Vista Equity Partners for \$1.65 billion and taken private. Vista acquired meeting technology firm Lanyon in 2013.

With the amount of private equity funds available and interest in the travel and meetings space, few doubt that these will be the last mergers or acquisitions announced this year. Besides the obvious concerns about the impact on leverage during negotiations, SMM programs actually may benefit from these changes:

- ▶ Increased level of innovation as suppliers combine resources to focus on client needs
- ▶ Higher levels of service consistency for companies and meeting attendees
- ▶ Increased program reach through a lower number of suppliers
- ▶ Less complexity as a result of a lower number of suppliers

George Odom noted that "there will be some angst, but at the end of the day it will probably be better for the consumer, for the corporation and for the industry as well."



CONCLUSION

Instead of a project with a prescribed timeline, strategic meetings management should be viewed as more of a journey, one that has an abundance of approaches, tactics and results. Some have traveled the road for more than a decade and still don't claim to have reached their final destination. But they have continued to evolve their roadmaps to enrich both the benefits and scope of their trips.

What was once thought to be a two- or three-year effort has often taken more than five years to fully permeate all business units of some companies. Fully global endeavors have taken as long as 10 years and still might not be considered "mature" programs by most definitions.

But such programs have proven to deliver an abundance of benefits beyond the initial cost savings. Only time will tell if SMM programs also deliver more value in the industry consolidation expected in the next few years.

As you consider a program launch or continue down the SMM road:

- ▶ Simplify the objectives.
- ▶ Align the goals of the SMM program to business objectives.
- ▶ Continually evolve the goals and the long-term roadmap.
- ▶ Educate stakeholders of the value, goals and achievements of the SMM program.
- ▶ Communicate the long-term roadmap not only to all internal stakeholders, but to all external stakeholders and partners as well to gain their buy-in or find other partners.
- ▶ Recognize changing business models, especially if the SMM program is funded by hotel commissions.
- ▶ Communicate the achievements of the SMM program to all stakeholders early and often.
- ▶ As in other continuous improvement efforts, review ways to enhance the program.

APPENDICES

- ▶ Demographics – charts
- ▶ Footnotes
- ▶ Bibliography



Demographics – charts

Figure 22 Geography

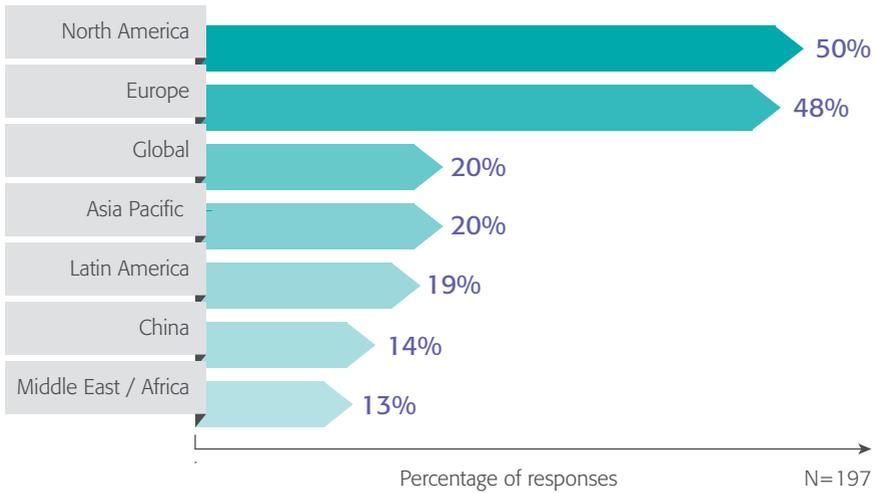


Figure 23 Industry vertical

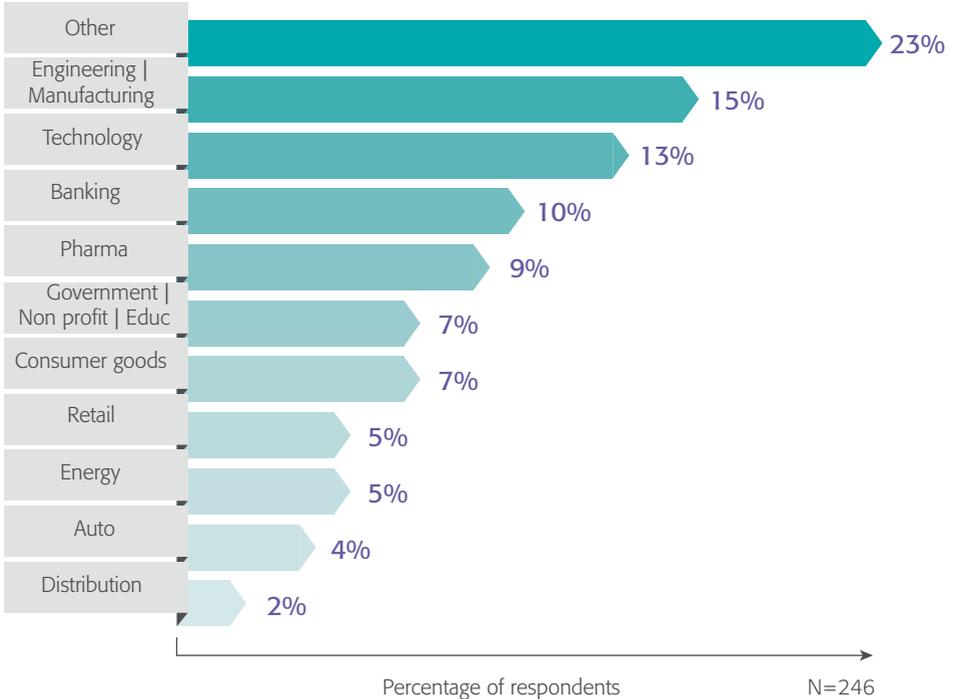


Figure 24 Air and M&E spend

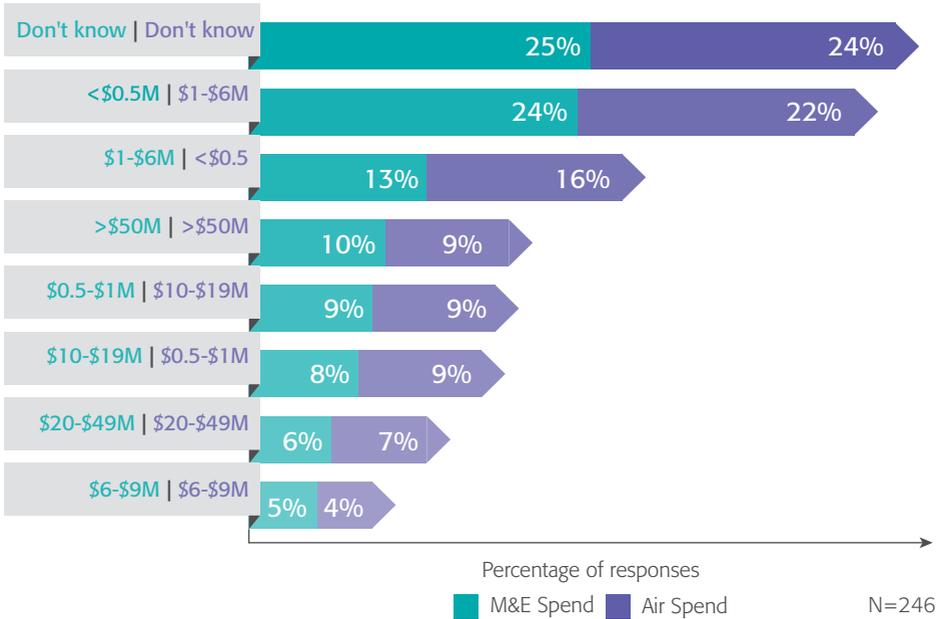
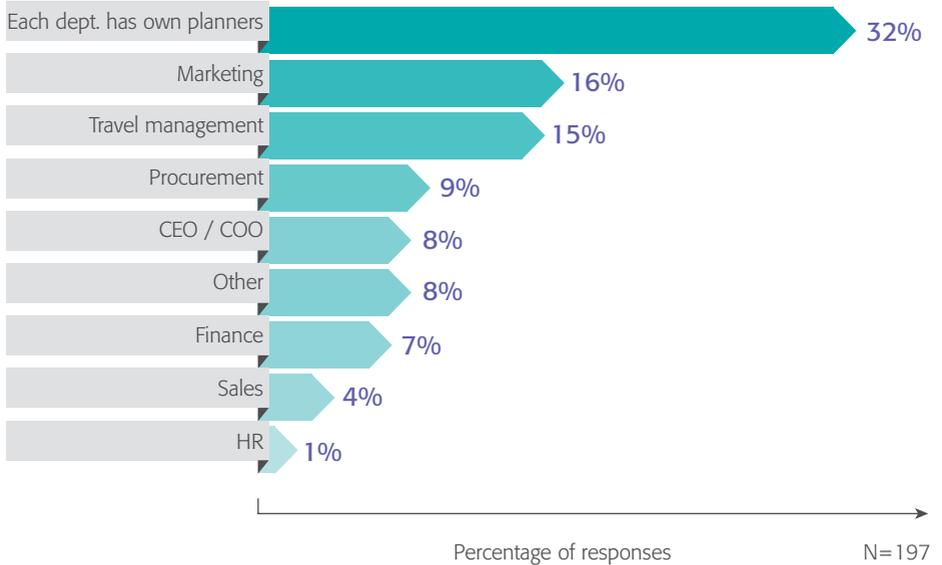


Figure 25 M&E reporting by function



Footnotes

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A red, stylized wavy graphic element consisting of three connected, rounded shapes, positioned below the word "Travel".